Homestead Property Tax Credit

Program Purpose and Description

This program was designed to limit the amount of the annual increase in taxable assessments for eligible owner occupied properties. The program dates back to the late 1970's, a period of rapid escalation in property values. State law requires each Maryland local government to establish a limit on how much owner occupied residential taxable assessments may increase each year. The program protects homeowners from increases in taxable assessment above the level established by local law, or 10%, if no local action is taken. In the early 1990's, the City established the annual cap at 4% and it continues to be set at 4% today. The credit is applied against the taxes due on the portion of the reassessment exceeding the 4% homestead cap.

Application Process:

Currently, this credit requires no application process and is applied directly to the property owner's tax bill. However, State legislation was passed during the 2007 Legislative session that requires residential property owners **who transfer property after December 31, 2007** to file an application with the State Department of Assessment and Taxation (SDAT) to qualify for the homestead tax credit. The application must be filed within 180 days following the date a dwelling is transferred for consideration (sales price) to a new owner for any transfer that takes place after December 31, 2007. For any dwelling that was transferred to new ownership on or before December 31, 2007, an application must be filed before December 31, 2012. As the application process is implemented by the SDAT, residents will be notified on how to apply to receive this credit.

Contact:

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Legal Reference

- State legislation - Annotated Code of Maryland, Tax Property Article, Section 9-105 (2004, Chapter. 43, § 1; Chapter 501).
- Baltimore City Code, Article 28-Taxes, Section 10-1 (Ordinance 92-156).